

## §§ 1941.72–1941.74

## 7 CFR Ch. XVIII (1–1–04 Edition)

### §§ 1941.72–1941.74 [Reserved]

#### § 1941.75 Retention and use of security agreements.

Original executed security agreements will not be altered or destroyed, and will remain in the case file when new security agreements are taken. Changes in security property will be noted *only* on the work copy. When an additional security agreement covering all collateral for the debt is taken, the work copy of the previous security agreement may be destroyed.

### §§ 1941.76–1941.78 [Reserved]

#### § 1941.79 Future advance and after-acquired property clauses.

The future advance and after-acquired property clauses of security agreements will be considered valid in all respects in UCC States unless otherwise provided in a State supplement.

(a) *Future advance clause.* A properly prepared, executed, and filed or recorded FmHA or its successor agency under Public Law 103–354 financing statement and a properly prepared and executed FmHA or its successor agency under Public Law 103–354 security agreement give FmHA or its successor agency under Public Law 103–354 a security interest in the property described. This security interest covers future loans, advances, and expenditures, as well as any other FmHA or its successor agency under Public Law 103–354 debts evidenced by notes and any advances or expenditures for debts evidenced by such notes. However, when a borrower's indebtedness is paid in full, a new security agreement must be taken in all cases to secure an initial loan made following the payment in full.

(b) *After-acquired property clause.* After a security interest is acquired in certain property, any property (except fixtures) acquired which is of the same type as that described in the financing statement and security agreement will also serve as security for the debt. The after-acquired property clause in the security agreement will encumber crops grown on the land described in the security agreement and financing statement, provided the crops are planted or otherwise become growing

crops within 1 year of the execution date of the security agreement, or within such other period as provided in a State supplement. FmHA or its successor agency under Public Law 103–354 after-acquired security interests take priority over other security interests perfected after the FmHA or its successor agency under Public Law 103–354 financing statement is filed, except as stated in §1941.60.

(c) *State supplements.* A State supplement concerning future advance and after-acquired property clauses will set forth requirements for filing or recording security instruments in that State. This will assist County Supervisors in other States who request such information in accordance with §1941.57(g). A State supplement will also be issued when OGC determines that it is needed to reflect any amendments made to a State's UCC.

### §§ 1941.80–1941.83 [Reserved]

#### § 1941.84 Title clearance and closing requirements.

(a) For loans over \$10,000, title clearance is required when real estate is taken as primary security.

(b) For loans of \$10,000 or less, and loans for which real estate is taken as primary security, a certification of ownership and verification of equity in real estate is required. Certification of ownership may be in the form of a notarized affidavit which is signed by the applicant, names the record owner of the real estate in question and lists the balances due on all known debts against the real estate. Whenever the County Supervisor is uncertain of the record owner or debts against the estate security, a title search will be required.

(c) Title clearance is not required when real estate is taken as additional security, as defined in §1941.4 of this subpart.

(d) When real estate is taken as primary security, as defined in §1941.4 of this subpart, title clearance and loan closing requirements will be carried out in accordance with subpart B of part 1927 of this chapter.

(e) If any prior liens against the real estate offered as security contain provisions (such as future advance clauses